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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/152

4 December 1961

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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ECONOMIC INTELLIGENCE COMMITTEE

18 December 1961

MEMORANDUM FOR: Recipients of EIC WGR 1/152, Sino-Soviet Bloc Economic Activities in Underdeveloped Areas, 4 December 1961.

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SUBJECT : Correction of EIC WGR 1/152

Page 4 of the Biweekly Report for 4 December 1961 should be classified SECRET.

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Summary of Events
17-30 November 1961

It has been reported that the USSR might encourage an increase in Afghanistan's transit trade through the USSR by reducing freight charges, but the annual protocol signed on 18 November covering the trade extends the previous rates with only slight modifications. On the basis of available information it appears that the few previously noncompetitive rates have been brought into line with the charges levied on the alternative route through Karachi that was recently closed. It is likely that Afghan trade with the Free World will move via the USSR in larger volume than has been the case in the past and that Afghan exchanges previously made with India and Pakistan will be diverted to the USSR.

The Iraqi military purchasing mission that went to Moscow early in September apparently was successful in negotiating a new arms agreement with the USSR. The cost to Iraq of this new contract reportedly is from $40 million to $50 million, but the nominal value of the equipment may be considerably higher.

The chief Soviet representative in the Republic of the Congo (Leopoldville) recently offered military and economic aid to the central government of Premier Cyrille Adoula. Although Adoula was tempted to accept the Soviet proposal, he postponed a decision until possibilities of greater Free World and UN support against Katanga could be explored.

On 13 November, agreement was reached on the longstanding Soviet proposal to build a petroleum refinery in Ethiopia. This project, which will cost $11.5 million, will be financed from the Soviet credit of $100 million that was extended in 1959.

The total aid commitments by the Bloc to Mali amount to more than $65 million, and an additional arms agreement may be forthcoming. This agreement probably provides for Soviet assistance in the field of military air transport. The Bloc has already assumed a commanding position in Mali's civil aviation services through the provision of commercial aircraft, operational and maintenance crews, and a training program for Malian personnel.

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The Soviet military delegation to the Moroccan Independence Day celebration on 17 November reportedly offered additional military assistance to the Moroccan Minister of National Defense. This aid would include Il-14 medium transports, a Soviet technical team, and additional supplies of arms and ammunition.

Agreements recently signed by Nigeria with Czechoslovakia and Poland are indicative of the cautious but continuing development of Nigeria's relations with the Bloc. The two agreements are designated as trade agreements, but they apparently also provide for technical assistance as well as for the exchange of commodities.

On 21 November, Sudan and the USSR signed an agreement for economic and technical cooperation that obligates projects under the credit of $22 million extended in July.

Trade between the USSR and underdeveloped countries of the Free World in 1960 increased by about 25 percent above the level in 1959. This increase reversed the declining rate of growth of Soviet trade with these areas that had obtained since 1957. More than two-thirds of this rise was attributable to increased Soviet trade with Cuba.

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